

Message Text

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72

ACTION AF-18

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 /159 W

----- 119118

R 051602Z APR 74

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 7890

INFO AMEMBASSY BAMAKO

AMEMBASSY COTONOU

AMEMBASSY LOME

AMEMBASSY LUSAKA

AMEMBASSY NIAMEY

AMEMBASSY NAIROBI

AMEMBASSY OUAGADOUGOU

LIMITED OFFICIAL USE ABIDJAN 2685

DEPT PASS OPIC

E.O. 11652: N/A

TAGS: EFIN, IV

SUBJECT: TAW OPERATIONS IN WEST AFRICA

REFS: (A) NAIROBI 02729; (B) STATE 066127; (C) ABIDJAN 609

1. IN LIGHT OF DEVELOPMENTS REPORTED REFTELS A AND B, E/C CHIEF DISCUSSED THE POSSIBLE IMPACT ON TAW'S WEST AFRICA OPERATION OF CANCELLATION ZAMBIAN CONTRACT WITH LUCAS ALDEN (LESTER B. KNIGHT AND ASSOCIATES CONSULTANT EMPLOYED BY TAW TO REVIEW COMPANY'S MANAGEMENT

AND ACCOUNTING PROCEDURES).

2. ALDEN STATED THAT IN HIS OPINION CANCELLATION OF ZAMBIAN CONTRACT
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SHOULD HAVE NO REPEAT NO EFFECT ON TAW'S WEST AFRICAN ACTIVITIES.

PER OPIC REQUEST, HE IS NOW EVALUATING FEASIBILITY OF WEST AFRICAN OPERATION CONTINUING AS INDEPENDENT ENTITY IN EVENT WORST HAPPENS IN ZAMBIA. HE CITED FOLLOWING POSITIVE POINTS AS BASIS FOR HIS INITIAL OPTIMISTIC ASSESSMENT:

(1) UNDER IVORY COAST LAW, TAW IS CONSIDERED A BANKING INSTITUTION (WITH RIGHTS AND PRIVILEGES OF BANKS) AND NOT A COMMERCIAL ENTERPRISE

THUS, FOR EXAMPLE, TAW CAN BORROW LOCALLY THROUGH THE CENTRAL BANK UP TO 80 PERCENT OF CIF COSTS OF EQUIPMENT, LEAVING ONLY 20 PERCENT TO BE COVERED BY SUPPLIER CREDITS;

(B) PORTFOLIO OF STRAIGHT FINANCIAL LEASES HAS BEEN "CLEANED UP." SOME 10 TO 12 RIGS HAVE BEEN REPOSSESSED, ARE BEING REFURBISHED AND WILL BE LEASED ON FULL SERVICE CONTRACTS;

(C) THE REFURBISHED RIGS PLUS 12 NEW RIGS WHICH ARRIVED IN FEBRUARY BRING INVENTORY TO SATISFACTORY LEVEL. TAW WILL NOW BE ABLE TO OFFER FULL SERVICE LEASES WITHOUT FACING PROBLEM OF HAVING TO INFORM POTENTIAL CLIENTS THAT DELIVERY NOT POSSIBLE FOR 6 PLUS MONTHS. (TAW LOST A NUMBER OF POTENTIAL CUSTOMERS BECAUSE 48 RIGS DIVERTED TO ZAMBIA.)

(D) SOME OF THE TRUCKS MEANT FOR ZAMBIAN MARKET COULD BE SENT TO IVORY COAST AND WOULD BE CLEARLY SUPERIOR TO ANY TRUCK PRESENTLY AVAILABLE IN IVORY COAST.

(E) LOCAL TAW MANAGEMENT TEAM IS SHAPING UP AND WILL BE FURTHER STRENGTHENED BY ADDITION OF FRENCH AUDITOR ENGAGED TO TRAIN TAW EMPLOYEES IN ACCOUNTING TECHNIQUES.

3. MAJOR PROBLEM AREA, ACCORDING TO ALDEN, IS THAT TAW NEEDS MORE BUSINESS TO CARRY ITS LARGE OVERHEAD. AT PRESENT, TAW-LEASED TRUCKS IN MALI PICK UP CARGOES IN ABIDJAN FOR DELIVERY TO MALI BUT COME DOWN FROM MALI EMPTY. IF MALIAN TRUCKERS COULD CARRY FREIGHT FROM MALI TO IVORY COAST, THIS WOULD INCREASE THEIR REVENUE, THEREBY ENABLING THEM TO PAY THEIR TAW BILLS ON TIME. A SIMILAR SITUATION EXISTS FOR RUNS INSIDE IVORY COAST. EMBOFFS SUGGESTED A NUMBER OF WAYS TAW MIGHT OBTAIN MORE NORTH-SOUTH FREIGHT.

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4. COMMENT: EMBASSY CERTAINLY HOPES ALDEN'S ASSESSMENT IS CORRECT AND THAT TAW WILL CONTINUE ITS WEST AFRICAN OPERATIONS. ALDEN PROMISED TO PROVIDE EMBASSY ANY ADDITIONAL INFORMATION BEARING ON TAW'S VIABILITY AS AN ON-GOING ENTITY. EMBASSY WOULD APPRECIATE ANY INFORMATION DEPT OR OPIC MAY RECEIVE CONCERNING TAW'S WEST AFRICA PLANS SINCE

MY BRIEFING BY OPIC ON FEBRUARY 21 MR. GITELMAN INDICATED THAT IF ZAMBIAN LEASE FAILED, TAW LIBERIA WOULD BE IN VERY SERIOUS

STRAITS.
SMITH

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Message Attributes

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